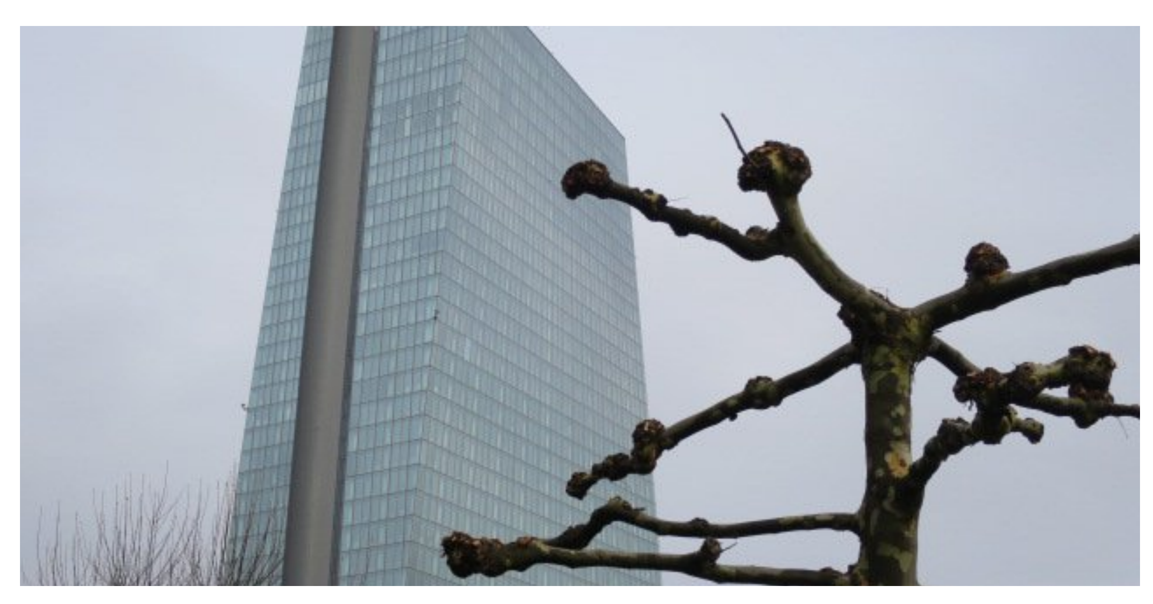
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DERIVATIVES AND CAPITALIST MARKETS: THE SPECULATIVE HEART OF CAPITAL

ECONOFICTION CAPITAL, CRISES, DERIVATE, FINANCE

… Conclusions

The growth of derivatives-trading in the past decade or so was facilitated by changes in government-regulation. But the fundamental reasons why derivatives-trading exploded have more to do with the attempts by banks, finance-companies and corporations to boost their flagging profitability and revenues. 'Financial innovation' was an easier way to make money than productive investment. Derivatives helped postpone the crisis by adding fuel to a speculative boom, but they made the crisis worse. Government-policymakers are now planning reforms to guard against another débâcle, but agreement between competing countries is not assured, even on what looks like a common problem. In any case, the reforms are unlikely to make much difference to the crisis-prone system, and already there are concerns about new kinds of speculative trouble. Whatever happens on this score, attacks on living standards to restore profiijitability will be a key tool of state-policy. It is surely a sign of the decrepitude of modern capitalism, particularly in the US and UK, when it has to rely on the leverage for profiijits that is provided by rules on taxation, derivative fiijinancial products and other such mechanisms. It is not a question of the banks (or fiijinance in general) versus the 'real economy'. The real capitalist economy is one of value-expansion, irrespective of its use-value form. That is why it is easy for 'industrial' corporations to mould part of their operations into purely financial activities. This is especially easy when the lines between financial services, manufacturing operations and commercial activities are blurred for the major corporations. The origins of banking and financial profits are not the same as for industrial or commercial capital, but each division of capital is closely linked, providing business for the others. Simply to oppose finance, banks or derivatives is to miss the point that this is a single, integrated system of exploitation. In the US and the UK, furthermore, the financial sector is a key dimension of their economic power as imperialist countries. If this means that financial companies are favoured by Anglo-American policy, then that can hardly be a surprise.

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